



August 1990

FURTHER WEAKNESS EXPECTED IN THE MONTHS AHEAD

The books have been closed on the first half of 1990 in Pennsylvania and, as expected (see the February 1990 *PBS*), the results are far from encouraging. No signs of strength are evident anywhere on the economic landscape as the situation continues to deteriorate on the goods producing side with some of the weakness filtering into the service-related sectors. Nationally, the bad news has swamped what little good news there has been of late. Only the most optimistic observers foresee any near-term rebound in Pennsylvania's economy in this environment.

Perhaps the most watched indicator of the economy's health is unemployment. On a seasonally adjusted basis, the jobless rate has averaged 5.2 percent during the first six months of 1990. This is up from the 4.5 percent average for 1989 and comes on the heels of six consecutive years of decline. In June, the rate is actually down from May, but the improvement is minimal and is not a sign of any turnaround. In this year's second quarter, jobless rates are up from a year ago in 63 of the Commonwealth's 67 counties.

When all of the monthly ups and downs are averaged, employment is doing no better than holding steady. During the first six months of the year, 5,578,000 Pennsylvanians are officially counted among the employed. A year ago, the comparable figure was 5,584,000. Employment in the second quarter is off from a year ago in 28 counties throughout the State. Employment and unemployment measures for July, which typically provide the first reading of the economy's health in any given month, have recently been released and they depict continued sluggishness.

Much of the economy's current weakness is concentrated on the goods producing side. During the first several years of economic recovery, the growth in manufacturing output in Pennsylvania was quite robust. Between 1983 and 1988, output rose at a healthy clip in every year but one (chart). That situation reversed itself when output inched downward in 1989. So far this year, that downtrend has intensified. Just as it was a major player in the recessions of the early 1980s and the improvement in the economy in the mid 1980s, the health of the factory sector is once again a major determinant of the current state of the economy in Pennsylvania.

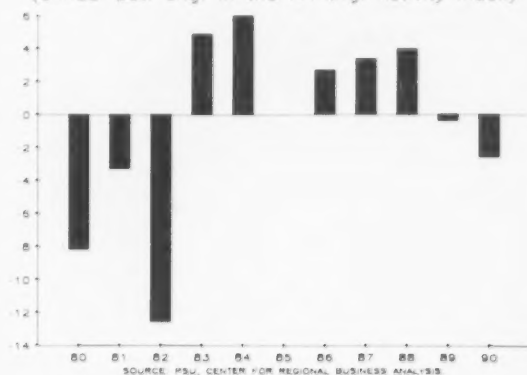
Construction activity appears to be going nowhere in the Commonwealth. In June, 21 percent fewer new housing units have been authorized by permit compared to a year ago, bringing the year-to-date decline to 17 percent. Non-residential authorizations are also trending down as permit-

ted projects are off 9 percent in this year's first half. Permitted activity, especially on the residential side, is down in the Allentown-Bethlehem, Philadelphia, and Pittsburgh regions. The dollar value of all construction contracts awarded through the first half of this year is off 18 percent from the same period a year ago with sizable declines in all three major categories: residential, nonresidential, and nonbuilding.

Retail sales trends remain disappointing. Even before price increases are taken into account, sales in May, the most recent data available, are down 1.7 percent from a year ago. For the year, sales are up a weak 2.3 percent, only about one-half the general rise in prices. Durable goods sales appear especially weak, most notably for building materials and auto dealers. Through May, new motor vehicle registrations are off 8 percent from a year ago, a further indication of sluggish auto-related sales. While the situation is a bit more positive for the State's nondurable goods retailers, conditions there are still far from strong.

Sales are headed in opposite directions in the State's two largest metropolitan areas. While sales in the Philadelphia region are up 5 percent through May compared to a year

GROWTH IN PENNSYLVANIA MANUFACTURING OUTPUT
(annual pct. chg. in the PA Mfg. Activity Index)



New Pennsylvania building permit authorizations
(percent change from year ago)

	June	Pct. chg.	Year- to-date	Pct. chg.
Residential	3,639	-20.7	20,143	-17.3
Nonresidential	2,467	-4.5	10,297	-8.7

Source: U.S. Dept. of Commerce, Bureau of the Census.

ago, retailers in the Pittsburgh region have posted a decline of the same magnitude. Except for a temporary period in 1987 and 1988, Philadelphia has consistently turned in a stronger showing than Pittsburgh on the retail sales front during the course of the current economic recovery (chart).

On the nonfarm jobs front, there is little change in the general pattern of recent months. **Job levels continue to decline in the factory sector while the growth in service producing jobs continues to moderate.** The increase of 6,000 manufacturing jobs between May and June is well short of expectations based on historical trends, resulting in a sizable drop in seasonally adjusted job levels. Compared to a year ago, factory job readings are down by a worrisome 23,000. In light of the recent downtrend in the average workweek, a leading indicator of manufacturing job trends,

it is unlikely that the situation will improve considerably in the months ahead. After several years of impressive growth, the last several months have found the construction sector struggling to maintain job levels in the face of declines in the level of activity.

As predicted in last month's *Survey*, federal government jobs are down considerably in June as a result of the termination of temporary census-related employees. The only other notable trend in the service producing sector is found in the services category where job levels are up sharply in June. However, at 2.5 percent so far this year, job growth in the services industry is down considerably from the 4 percent average of the 1982-1989 period.

The sluggish nature of the economy, both in the Commonwealth and in the U.S. as a whole, gives rise to some

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1990		1989	1990		1989	1990		1989
	May	June	June	May	June	June	May	June	June
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.) ¹	5,151*	5,165	5,152	5,132*	5,125	5,111	112.4*	112.3	112.0
Service Producing									
No. of wage and salary jobs (thous.)	3,859*	3,860	3,821	3,844*	3,841	3,802	128.5*	128.4	127.1
Transportation and public utilities	255*	256	258	253*	254	256	96.7*	97.1	97.9
Wholesale trade	282	284	282	282	282	280	127.1	127.3	126.1
Retail trade	890	893	897	891	891	895	124.2*	124.2	124.8
Finance, insurance & real estate	297	299	300	297	296	297	136.4	136.0	136.4
Service & miscellaneous	1,412	1,423	1,390	1,407*	1,412	1,380	163.1*	163.7	160.0
Federal government	154*	149	145	153	148	143	119.4*	115.4	111.9
State & local government	570*	555	550	561*	558	553	96.3*	95.7	94.9
Goods Producing									
No. of wage and salary jobs (thous.)	1,290*	1,304	1,329	1,289*	1,284	1,309	81.9*	81.6	83.2
Construction	234*	242	243	232	232	233	126.3*	126.2	126.8
Mining	27	28	28	27	27	28	56.7	56.7	57.3
Manufacturing	1,029	1,035	1,058	1,030*	1,026	1,050	76.7	76.5	78.2
Durable goods	585*	588	606	584	582	600	72.1	71.9	74.1
Nondurable goods	444	447	452	446	444	450	83.8	83.4	84.5
Ave. wkly. hrs. worked by prod. workers	40.6*	40.7	41.1	40.8*	40.6	41.0	103.4*	102.7	103.7
Total wkly. person-hours worked (mils.)	28.8*	29.2	30.1	29.0	28.9	29.7	75.5*	75.3	77.5
Total wkly. payroll (mil. dols.)	316.9*	321.8	319.7	319.1*	319.2	316.9	142.0*	142.1	141.1
Average hourly earnings (dollars)	11.01	11.03	10.63	11.03	11.05	10.66	188.6*	188.9	182.2
Average weekly earnings (dollars)	447.01	448.92	436.89	450.61	448.47	436.42	194.8*	193.9	188.7
Steel production (thous. tons)	1,067	990	1,003	n.a.	n.a.	n.a.	44.5	45.4	46.0
Industrial electric power sales (mil. kwh)	3,751	3,852	3,954	3,835	3,789	3,883	103.9	102.6	105.1
Mining									
Anthracite coal (thous. net tons)	329	327	253	332	352	266	68.0	72.0	54.4
Bituminous coal (thous. net tons)	6,546	6,232	5,156	6,059	6,536	5,174	85.9	92.7	73.4
Construction contracts awarded (mil. dols.)									
Total	977.7	919.2	1558.6*	883.9	668.3	1010.6*	274.7	207.7	314.1*
Residential building	377.5	313.4	382.3*	307.4	288.1	336.3*	218.4	204.7	238.9*
Nonresidential building	244.7	371.8	415.1*	240.2	266.3	287.6*	221.4	245.5	265.1*
Nonbuilding (utilities and public works)	355.5	234.1	762.4*	336.3	113.9	386.7*	464.0	157.1	533.5*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,604	5,678	5,673	5,643	5,624	5,621	117.4	117.0	117.0
Unemployed									
No. of persons (thous.)	285	296	268	293	271	242	73.1	67.5	60.3
Rate (percentage of labor force)	4.8	5.0	4.5	4.9	4.6	4.1			
Rate, seasonally adjusted									
Civilian labor force, no. of persons (thous.)	5,889	5,974	5,941	5,936	5,894	5,862	114.0	113.2	112.6
Initial claims for unemployment benefits	84,675	88,201	87,083	100,050	98,269	95,051	69.9	68.6	66.4
Consumer Prices, all items									
	Urban Indexes (1982-84 = 100)			Percentage Change					
	1990	1989		Month	Year				
	May	June	June	Ago	Ago				
U.S. city average	129.2	129.9	124.1	0.5	4.7				
Philadelphia	134.6	135.1	128.8	0.4	4.9				
Pittsburgh	n.a.	125.0	120.4	n.a.	3.8				

¹ Total includes workers on strike. * = figure revised n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

1990:IIQ county employment
(pct. and pct. pt. changes are from year-ago quarter)

	Empl. (thous.)	Ann. pct. chg.	Umemp. Rate (pct.)	Ann. pct. pt. chg.*
Adams	38.2	0.2	3.6	0.0
Allegheny	638.1	1.4	4.0	0.1
Armstrong	27.0	-1.6	7.2	0.8
Beaver	55.2	-0.4	7.5	0.5
Bedford	20.3	1.6	7.7	0.8
Berks	170.8	0.6	4.9	0.8
Blair	57.9	2.1	6.5	0.8
Bradford	29.4	-0.7	5.5	1.6
Bucks	287.8	-0.8	4.0	1.1
Butler	71.1	0.0	5.4	0.9
Cambria	58.7	-0.5	7.3	1.0
Cameron	2.6	-0.6	7.4	-0.1
Carbon	23.6	-0.4	7.5	1.7
Centre	64.1	-2.9	4.8	0.6
Chester	194.4	-0.8	3.0	0.7
Clarion	16.4	-4.7	8.9	2.0
Clearfield	32.1	-1.3	9.5	2.3
Clinton	14.2	0.1	8.9	1.9
Columbia	30.0	0.5	5.7	1.2
Crawford	37.0	-0.3	6.6	1.2
Cumberland	108.8	1.7	3.2	0.5
Dauphin	132.6	1.6	4.2	0.6
Delaware	280.8	-0.8	3.7	0.5
Elk	16.5	-0.1	5.5	0.3
Erie	127.2	0.8	5.1	0.2
Fayette	55.1	1.4	7.6	0.5
Forest	1.7	-0.4	8.8	-0.3
Franklin	57.0	0.2	4.4	1.0
Fulton	5.9	0.3	5.4	-0.1
Greene	11.5	-2.7	9.5	1.0
Huntingdon	18.1	0.9	8.7	1.1
Indiana	31.8	-1.0	8.4	0.1
Jefferson	18.7	-1.6	6.9	0.7
Juniata	9.4	1.9	10.4	2.8
Lackawanna	103.9	0.5	6.4	1.4
Lancaster	217.8	-0.2	3.8	0.8
Lawrence	46.3	0.1	5.3	0.8
Lebanon	63.0	1.7	4.3	-0.2
Lehigh	141.9	-0.5	5.0	0.9
Luzerne	151.1	0.6	6.6	0.8
Lycoming	57.4	1.1	6.6	0.9
McKean	19.7	1.8	6.8	0.7
Mercer	49.5	1.0	5.5	1.3
Mifflin	20.6	2.3	7.5	1.4
Monroe	47.0	0.6	6.3	2.5
Montgomery	375.8	-0.8	3.4	0.8
Montour	7.8	-1.2	4.8	0.7
Northampton	111.2	-0.5	5.4	1.5
Northumberland	45.6	-1.0	8.2	2.1
Perry	20.4	1.7	4.9	0.7
Philadelphia	690.5	-0.8	5.8	0.7
Pike	12.5	2.3	5.6	1.5
Potter	7.4	4.0	6.9	0.2
Schuylkill	69.5	1.1	7.0	0.9
Snyder	18.2	-0.9	5.5	1.0
Somerset	29.9	-0.3	7.3	0.4
Sullivan	2.9	1.9	4.8	0.5
Susquehanna	17.4	2.9	7.2	1.3
Tioga	17.4	0.5	6.5	1.5
Union	16.4	-0.7	5.0	0.9
Venango	23.4	-0.3	5.7	0.1
Warren	21.6	0.3	4.8	0.3
Washington	89.3	1.4	5.1	0.0
Wayne	19.3	2.4	5.7	1.3
Westmoreland	167.5	1.4	5.4	0.2
Wyoming	12.7	0.8	5.8	0.5
York	176.1	0.2	4.8	0.9

Source: PA Dept. of Labor and Industry;
PSU, Ctr. for Reg. Bus. Analysis.

*Current rate minus year-ago rate.

PA metropolitan county bldg. permit authorizations
(percent change from year ago; only those counties
shown are asked to report all permitted activity)

	1990: IIQ	Pct. chg.	Year- to-date	Pct. chg.
Residential units				
Allentown-Beth. MSA	603	-19.9	1,084	-16.6
Carbon	62	-12.7	90	-25.6
Lehigh	223	-36.5	472	-28.4
Northampton	318	-3.9	522	0.4
Beaver County MSA	150	37.6	263	51.1
Philadelphia MSA	2,440	-23.8	4,712	-20.6
Bucks	643	-16.8	1,240	-29.3
Chester	580	-26.4	1,079	-30.4
Delaware	180	-35.5	395	-23.3
Montgomery	700	-39.6	1,616	-9.7
Philadelphia	337	64.4	382	17.9
Pittsburgh MSA	1,277	-14.1	2,213	-3.8
Allegheny	624	-33.1	1,180	-18.7
Fayette	158	66.3	-204	47.8
Washington	179	31.6	306	39.1
Westmoreland	316	-2.2	523	6.3
Adams County	210	1.0	377	7.1
Nonres. buildings				
Allentown-Beth. MSA	743	5.1	1,059	2.2
Carbon	55	34.1	91	56.9
Lehigh	285	-3.4	425	-11.8
Northampton	403	8.6	543	9.5
Beaver County MSA	126	6.8	164	8.6
Philadelphia MSA	1,743	-2.7	2,496	-4.9
Bucks	577	-8.6	811	-1.6
Chester	430	20.8	624	0.0
Delaware	204	6.3	275	-4.2
Montgomery	486	-13.8	706	-13.4
Philadelphia	46	-4.2	80	6.7
Pittsburgh MSA	809	-12.5	1,196	-3.1
Allegheny	417	-14.4	584	-8.8
Fayette	83	-12.6	122	-15.3
Washington	130	-20.2	210	3.4
Westmoreland	179	-0.6	280	13.4
Adams County	66	-36.5	113	-26.6

Source: U.S. Dept. of Commerce, Bureau of the Census.

Pennsylvania retail sales
(millions of dollars; pct. chg. from year ago)

	May	Pct. chg.	Year- to-date	Pct. chg.
Total	7,014	-1.7	32,578	2.3
Durables	2,497	-7.7	11,542	0.4
Bldg. mat.	310	-15.3	1,235	-4.3
Auto dlr.	1,526	-8.6	6,838	-3.1
Furniture	307	-3.5	1,547	7.7
Other	354	0.3	1,922	12.3
Nondurables	4,517	1.9	21,036	3.4
Gen. mdse.	721	0.1	3,115	3.4
Food/grocery	1,438	-0.3	6,863	2.7
Gas	401	-3.4	1,925	2.9
Apparel	345	-0.3	1,563	3.4
Eat/drink	882	15.6	3,914	6.4
Drugs	268	2.3	1,283	-0.2
Other	462	-4.5	2,373	2.7
Seas. adj. total: May	6,728			
April	6,774			

Source: Tot./Dur./Nondur.-U.S. Dept. of Commerce, Bur. of the Census.
Seas. adj. total-PSU, Ctr. for Reg. Bus. Analysis.

Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability. As a result, only pct. changes are shown.

talk of recession. Recent job trends in Pennsylvania are not inconsistent with trends evident prior to past recession.

Over the course of the past twelve months, nonfarm job growth has eased from an annual rate of about 1 percent to under 0.5 percent in Pennsylvania. A similar slowdown

New Pennsylvania motor vehicle registrations (percent change from year ago)

	Total registrations	Pct. change
May	54,094	-9.6
1990 YTD	255,774	-7.7
12-month total	644,056	-8.6

Source: R.L. Polk & Co.

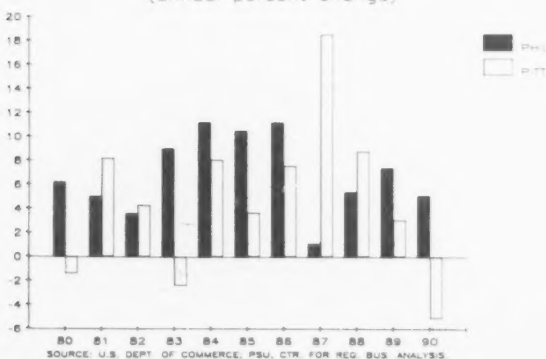
Philadelphia and Pittsburgh metropolitan area retail sales (millions of dollars; pct. chg. from year ago; data through May)

	Philadelphia		Pittsburgh	
	Year-to-date	Pct. chg.	Year-to-date	Pct. chg.
Total	13,915	5.1	5,552	-5.1
Durables	4,965	4.1	1,760	-12.3
Bldg. mat.	551	-9.5	197	-2.0
Auto dlr.	2,685	-0.7	934	-23.6
Furniture	769	20.3	199	-13.5
Other	960	17.4	430	21.8
Nondurables	8,950	5.7	3,792	-1.4
Gen. mdse.	1,248	-0.2	663	2.5
Food/grocery	3,019	5.0	987	6.9
Gas	669	-0.9	417	4.8
Apparel	818	6.9	318	5.6
Eat/drink	1,542	11.8	740	-11.6
Drugs	612	11.5	359	-7.5
Other	1,042	6.9	308	-12.3

Source: U.S. Dept. of Commerce, Bur. of the Census.

Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability. As a result, only pct. changes are shown.

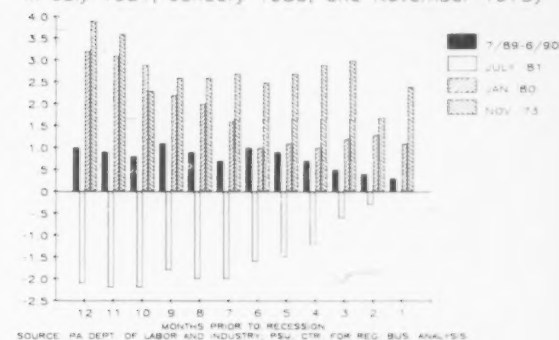
PHILADELPHIA AND PITTSBURGH METROPOLITAN
AREA RETAIL SALES GROWTH
(annual percent change)



in growth is evident in the twelve months preceding the November 1973 and January 1980 recessions. What is worrisome, however, is that the level of job growth prior to these two downturns was several times greater than it has been of late. Prior to the July 1981 recession, job growth was negative. Surprisingly, the rate of decline eased considerably prior to the start of the recession. However, the fact that this period was sandwiched in between two recessions almost certainly skewed job trends.

Recent trends in the Pennsylvania index of leading indicators do not point to any improvement in the near-term. Along with trends in the factory sector, national and international developments are likely to determine the course of the Pennsylvania economy through 1991. Over the course of the current economic expansion, the

NONAGRICULTURAL JOB GROWTH: 7/89-6/90 AND 12 MONTHS PRECEDING THREE PREVIOUS RECESSIONS (annual percent change; recessions began in July 1981, January 1980, and November 1973)



U.S. economy has been declared dead by a sizable portion of the economics community on more than one occasion. Each time, the economy displayed an uncanny ability to rebound. In light of this resiliency, it is perhaps too early to arrive at a similar conclusion today, despite the daunting presence of stubborn budget and trade deficits and inflationary pressures. For now, the most likely scenario finds the Pennsylvania economy muddling along with the nation's, with no considerable changes from the current situation.

— William D. Anderson

(As spelled out above, current expectations are for the U.S. and Pennsylvania economies to move forward and avoid a recession by the slightest of margins in the months ahead. However, as this issue of the Pennsylvania Business Survey is being prepared, tensions in the Middle East are mounting and the situation there is changing almost continuously. The economic fallout from these developments will be felt in the weeks and months ahead. For the domestic economy, these events could not have unfolded at a worse time given the economy's already-weak condition and they do have the potential to plunge the U.S. and Pennsylvania into a recession if their impacts are felt for a prolonged period of time.)

Around the State

Northeastern Quarter

Allentown-Bethlehem

Most measures of activity suggest that the economy of the four-county Allentown-Bethlehem region is at a standstill based upon trends through the first half of the year. While the economy does not appear to be giving back much of the gains accumulated in recent years, it is certainly not adding to them. Current expectations are for more of the same. While a recession cannot be ruled out, growth is likely to be just strong enough for the economy to stay afloat in the months ahead.

The economy's weak showing is evident in recent job trends in the region's nonfarm establishments. After a six-year period during which job growth averaged 2 percent, growth so far this year comes in at a worrisome 0.5 percent. Still, this leaves job readings at a record high of over 280,000.

Some weakness is evident in the service producing sector where essentially all new jobs have been generated in recent years. Job levels in these establishments have apparently topped out for the time being. On a seasonally adjusted basis, second quarter readings are down slightly from the first three months of the year.

The job situation in the goods producing sector remains anemic. Second quarter job totals are down by 2,200 from a year ago. Job levels have declined in five consecutive quarters on a seasonally adjusted basis. Trends in the average factory workweek and electricity sales to industrial customers also point to some weakness in manufacturing activity. The year-to-date decline in durable goods jobs comes in at 800, double the loss on the nondurable goods side.

During the mid 1980s, the region experienced a housing boom. More recent trends point to a fair amount of weakness in construction trends. The value of contract awards is off on both the residential and nonresidential sides. The number of new housing units authorized by permit is down 17 percent so far this year while new nonresidential projects stand barely above year-ago readings. Construction jobs are down by 600 from the first half of 1989 in settling at 12,800.

Not surprisingly, the sluggish state of the metro area's economy has brought to a halt several years of improvement on the employment/unemployment front. The number of residents officially listed as employed stands below year-ago readings after six consecutive years of gains. The number of unemployed during the first half of 1990 stands nearly 5,000 above a year ago. As a result, the jobless rate, at 5.3 percent in the second quarter, is up 1.2 percentage points for the year. Should first-half trends remain in place through year-end, the unemployment rate in 1990 is likely to be the highest since 1986.

Scranton-Wilkes-Barre

The employment/unemployment situation in the Scranton-Wilkes-Barre metro area is perhaps best characterized in "good news/bad news" terms. The bad news is that employment growth has eased considerably in recent months, resulting in an uptrend in joblessness. The good news is that the slowdown comes after several years of improvement. Current conditions subtract only slightly from the gains recorded in the 1980s. Second quarter finds employment up by a weak 1,900 from a year ago and the jobless rate up by more than a percentage point.

Each of the five counties in the region finds employment up less than 1 percent from a year ago during the April-June period. Each also finds the jobless rate up with Monroe County turning in a 2.5 percentage point gain, the second largest in the State.

Goods producing job levels have been in a holding pattern throughout the current economic recovery, stretching back to 1983. Second quarter's job total, 86,100, is down by 900 from a year ago. Construction jobs are up by 400 on an annual basis during the first half of the year. The value of contract awards is up nicely on the nonresidential side but down by nearly one-fourth for residential projects. Manufacturing job readings are down by 1,100 on a year-to-date basis. Apparel products, the area's largest manufacturing employer, has reduced payrolls by 1,000 through the first half of 1990. Electricity sales to industry, a proxy for production trends

Allentown-Bethlehem Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100)		
		2 Q '90	1 Q '90	2 Q '89
Employment (in thousands)				
Employed, no. of residents	314.4	115	115	115
Unemployed, no. of residents	17.6	87	90	67
Rate, seasonally adjusted	5.3			
Civilian labor force, no. of residents	332.0	113	113	112
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	283.5	110	110	110
Srv. Prod. only, no. of jobs	195.2	139	140	137
Goods Prod. only, no. of jobs	88.1	75	76	77
Hrs. worked by production workers in mfg., ave. weekly	39.4	103	104	104
Industrial electric power sales				
Metropolitan area	***	104	103	110
Allentown	***	95	96	97
Bethlehem	***	107	107	118
Easton	***	120	110	114
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	115.4	-30		
Nonresidential contracts only	72.5	-16		

¹Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

in the factory sector, have been holding fairly steady for about the past year. Over the same period, Statewide trends show that factory production has declined slightly.

Service producing jobs continue to increase. Through this year's first six months, jobs are up by 5,400 from a year ago. However, seasonally adjusted job levels are showing signs of topping out. The region's two largest service producers, services and retail trade, continue adding workers to payroll, but job gains so far this year are only about one-half the average from the 1982-1989 period.

For now, the term "slowdown" better describes the northeastern Pennsylvania economy than does "recession."

Scranton-Wilkes-Barre Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100)		
		2 Q '90	1 Q '90	2 Q '89
Employment (in thousands)				
Employed, no. of residents	344.7	122	122	121
Unemployed, no. of residents	23.5	77	82	62
Rate, seasonally adjusted	6.6			
Civilian labor force, no. of residents	368.2	118	118	115
Local industries, Metropolitan area (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	309.5	118	119	117
Srv. Prod. only, no. of jobs	223.3	137	137	134
Goods Prod. only, no. of jobs	86.1	87	88	88
Hrs. worked by production workers in mfg., ave. weekly	38.9	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area ¹	***	121	119	119
Lackawanna County ²	***	133	133	133
Luzerne County ³	***	112	108	107
Hazleton	***	101	96	97
Wilkes-Barre	***	124	118	112
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	144.6	-23		
Nonresidential contracts only	74.7	+40		

¹Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties

²Includes Scranton

³Includes Wilkes-Barre and Hazleton

⁴Excludes Wyoming County

While the overall level of economic activity probably continues to rise, the pace of the expansion has slowed considerably. Unfortunately, such a scenario will likely result in further upward pressure on joblessness and it will keep the region's factory sector in the doldrums.

Williamsport

Evidence which points to a relatively sluggish overall economy continues to mount in Lycoming County. On a seasonally adjusted basis, total nonfarm jobs are down from the first three months of the year during the second quarter. Through the first six months of the year, establishment jobs have averaged 52,100 for a gain of 1.3 percent from the same period a year ago. This represents the weakest pace of job growth since 1983.

Relative to the goods producing sector, the region's service producers continue to turn in a solid performance. The 34,100 service-related jobs in the second quarter translate into another record total. The pace of job growth in these industries so far this year falls pretty much in line with trends throughout the recovery period. Job trends in the region's goods producing establishments have taken a marked turn for the worse over the course of the past several months. These industries turned in a fairly encouraging performance through 1987, but they have slowly whittled away at job totals since then. On a seasonally adjusted basis, job levels have declined 4.7 percent between February and June of this year. At the same time, second quarter industrial power sales are up sharply. On the construction front, the dollar value of contracts awarded suggests that nonresidential activity is up by more than one-half so far this year to go alongside a fairly sluggish showing on the residential side.

As in the rest of the State, the current slowdown in the economy has resulted in some upward pressure on unemployment. In the second quarter, the jobless rate in the Williamsport region, at 6.6 percent, is up 0.9 percentage point from a year ago. Over that time, employment is up by 600, not nearly enough to absorb the gain of 1,300 in the labor force. The end result is an uptick of 600 in the number of unemployed.

Williamsport Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	57.4	122	123
Unemployed, no. of residents	4.0	90	92
Rate, seasonally adjusted	6.8		77
Civilian labor force, no. of residents	61.5	120	121
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	52.5	114	115
Srv. Prod. only, no. of jobs	34.1	127	126
Goods Prod. only, no. of jobs	18.4	96	99
Hrs. worked by production workers in mfg., ave. weekly	38.8	99	103
Industrial electric power sales	***	135	119
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	9.2	-40	
Nonresidential contracts only	10.5	+52	

¹Lycoming County

Southwestern Quarter

Altoona

Of the 66 other counties in Pennsylvania, only six realized employment growth rates stronger than Blair County's 2.1 percent annual gain in the second quarter. This increase is only slightly below the 2.5 percent increase averaged over the 1983-1989 period. The 57,900 residents officially listed as employed during the April-June period represent a record high. On a seasonally adjusted basis, the jobless rate, at 6.6 percent, is down for the second straight quarter. Still, it is up by 0.7 percentage point over the year.

In terms of job trends, the region's goods producing industries continue to turn in a lackluster performance. Job levels have been below year-ago readings for ten consecutive quarters. Second quarter's 12,700 goods producing positions are off by 300 from the same period in 1989. There are few signs of strength in the manufacturing sector. Job levels are down a bit so far this year. The average factory workweek has been edging down since 1988 which suggests that the hiring situation is not likely to improve over the near-term. Industrial power sales are holding steady, suggesting that factory production trends are flat. Perhaps the lone bright spot in the goods producing sector is found in construction as the value of contract awards is up by more than one-third for both residential and nonresidential projects.

Compared to the first half of 1989, service producing jobs are up 2.5 percent as they continue to hover near record high readings. However, some signs are beginning to emerge which suggest that the lengthy uptrend in service-related jobs is nearing an end. On a seasonally adjusted basis, job levels in June are unchanged from January readings. Given the sluggishness that is evident on the goods producing side, the pressure will remain on the region's service producing establishments to generate the bulk of all new jobs.

Johnstown

The economic situation in the Johnstown metropolitan area is perhaps best described as "stagnant." It is difficult to find any signs of strength in the most widely-followed measures

Altoona Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	57.9	111	109
Unemployed, no. of residents	4.0	107	111
Rate, seasonally adjusted	6.6		92
Civilian labor force, no. of residents	61.9	111	109
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	53.1	103	104
Srv. Prod. only, no. of jobs	40.4	112	112
Goods Prod. only, no. of jobs	12.7	82	85
Hrs. worked by production workers in mfg., ave. weekly	38.4	100	103
Industrial electric power sales	***	78	78
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	10.7	+39	
Nonresidential contracts only	25.0	+37	

¹Blair County

of economic activity. Unfortunately, current expectations are for more of the same. After turning in a fairly strong showing in the late 1980s, the region appears to be in store for some rough sledding in the months ahead.

The situation is deteriorating in the service producing sector which has provided the bulk of all new jobs in recent years. At 1 percent so far this year, job growth is only about one-half its rate averaged during the 1983-1989 period. Still, that is enough to keep readings at or near record highs. Weakness in recent Statewide retail sales trends appears to be filtering into the region as job levels so far this year are only up by a minimal 100 (0.7 percent) from a year ago. Another big job-gainer in recent years, services, continues to hold up its end of the bargain as 600 new positions have been created in this year's first half for a 2.9 percent gain.

Over, roughly, the 1986-1989 period, the bi-county region's goods producers held their own in terms of job levels. So far this year, however, some weakness is evident. On a seasonally adjusted basis, second quarter job totals are down from the first three months of the year. The 20,200 positions are unchanged from a year ago. Trends in the average factory workweek and electricity sales to industrial customers point to some deterioration in manufacturing's health. Construction activity also appears weak, at least according to year-to-date trends in contract awards.

The end result of these generally unimpressive trends is an employment picture that appears to be holding steady with some upward pressure on joblessness. So far this year, employment is down by 300 from 1989 readings. In that the labor force is up by 900, this results in an increase in the number of unemployed residents equal to 1,200. So far this year, the jobless rate has averaged a seasonally adjusted 7.7 percent. Should these trends continue, 1990 will result in the highest jobless rate in at least three years.

Pittsburgh-Beaver Valley

While talk of a recession is a bit premature, there appears to be little momentum in the economy of the Pittsburgh-Beaver Valley metropolitan region. What encouraging news there is mostly falls in the Pittsburgh portion of the region. Such a finding is apparent in recent employment and unem-

Johnstown Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89		
Employment (in thousands)				
Employed, no. of residents	88.6	92	93	92
Unemployed, no. of residents	7.0	68	70	59
Rate, seasonally adjusted	7.6			
Civilian labor force, no. of residents	95.6	89	91	89
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	80.9	92	93	91
Srv. Prod. only, no. of jobs	60.7	111	112	110
Goods Prod. only, no. of jobs	20.2	60	61	60
Hrs. worked by production workers in mfg., ave. weekly	37.9	97	98	101
Industrial electric power sales	***	166	150	163
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	13.4	-33		
Nonresidential contracts only	17.8	-50		

¹Cambria and Somerset Counties

Pittsburgh¹-Beaver Valley² Area

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89		
Employment (in thousands)				
Employed, no. of residents				
Pittsburgh ¹	950.0	110	109	108
Beaver County	55.2	65	65	65
Unemployed, no. of residents				
Pittsburgh ¹	45.5	73	77	70
Beaver County	4.5	70	77	66
Unemployment Rate, seas. adj.				
Pittsburgh ¹	4.7			
Beaver County	7.8			
Civilian labor force, no. of residents				
Pittsburgh ¹	995.5	107	107	105
Beaver County	59.6	65	66	65
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh ¹	916.7	105	105	103
Beaver County	49.7	65	66	65
Srv. Prod. only, no. of jobs				
Pittsburgh ¹	747.8	124	124	121
Beaver County	38.3	111	112	110
Goods Prod. only, no. of jobs				
Pittsburgh ¹	168.3	62	63	62
Beaver County	11.4	27	28	28
Hrs. worked by production workers in mfg., ave. weekly				
Pittsburgh ¹	41.7	n.a.	n.a.	n.a.
Beaver County	42.5	n.a.	n.a.	n.a.
Industrial electric power sales	***	63	64	62
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh ¹	262.6	+ 10		
Beaver County	15.6	+ 24		
Nonresidential contracts only				
Pittsburgh ¹	339.9	+ 46		
Beaver County	6.0	- 32		

¹Allegheny, Fayette, Washington and Westmoreland Counties

²Beaver County

ployment trends. In each of the five counties in the area except Washington, second quarter jobless rates are up from year ago readings. In Beaver County, employment readings are off from a year ago. In the four-county Pittsburgh area, employment growth so far this year comes in at 1.1 percent, down from a 1.5 percent average between 1983 and 1989.

The overall sluggish nature of the economy is especially noticeable in recent retail sales trends. Even before adjusting for price increases, sales through May are off by over 5 percent from a year ago. The decline on the durable goods side, especially in the automotive category, is quite pronounced. Retail trade jobs are unchanged so far this year in Beaver County from a year ago. In the Pittsburgh metro area, job readings are up just 1 percent. A bright spot is found in recent job trends in the service producing sector as a whole. In the Pittsburgh region, these jobs are up 2.8 percent on a year-to-date basis. Over the 1982-1989 period, growth averaged just 2 percent. In Beaver County, service producing jobs are up just 1.2 percent so far in 1989.

Indicators of construction activity are mixed. Job levels during the first half of this year are down slightly in the Pittsburgh portion of the region while they are unchanged in Beaver County compared to a year ago. Residential contract values are up throughout the region. On the nonresidential side, a nice gain is turned in by Pittsburgh to go alongside

a decline on the part of Beaver County. New housing units authorized by permit are up by more than one-half through the first six months of the year in Beaver County. In the four-county Pittsburgh region, new authorizations are off by 4 percent.

Elsewhere in the goods producing sector, there continues to be few signs of strength. Industrial power sales are holding steady, implying that manufacturing production is growing very little, if at all. Job levels for the sector as a whole continue to hold steady, albeit at or near all-time lows. Both durable and nondurable goods jobs are down throughout the region, though the decline on the durable goods side is a bit more pronounced.

All things considered, the weakness in goods producing job trends coupled with a reasonable amount of strength on the service producing side results in some improvement in total nonfarm jobs. In the Pittsburgh region, there is a fairly encouraging 2.3 percent gain so far this year, one of the more impressive indicators of the economy's health, especially in light of the 0.6 percent gain recorded Statewide. Beaver County finds nonfarm jobs up just 0.6 percent.

It is quite unlikely that economic growth will pick up in southwestern Pennsylvania in the near-term. This is especially true in light of the questionable outlook for the U.S. economy. Activity in the factory and construction sectors is likely to remain especially weak. The end result will be a relatively poor showing on the employment/unemployment front.

State College

Although economic activity continues to rise in Centre County, trends through this year's second quarter show an economy which is growing at a pace less than what it did during the late 1980s. In 1989, service producing jobs increased by more than 6 percent. So far this year, jobs are up 3.2 percent to another record high — a weak showing relative to recent trends, but still considerably stronger than the State's 1.3 percent advance. Combined, retail trade and services account for about one-half of all new service producing jobs created so far this year in the State College metro area.

The mid and late 1980s were characterized by rapid growth

State College Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	64.1	154	152 150
Unemployed, no. of residents	3.3	124	135 105
Rate, seasonally adjusted	5.0		
Civilian labor force, no. of residents	67.4	152	151 147
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	60.3	142	140 137
Srv. Prod. only, no. of jobs	48.2	141	141 137
Goods Prod. only, no. of jobs	12.1	143	138 136
Hrs. worked by production workers in mfg., ave. weekly	39.9	n.a.	n.a. n.a.
Industrial electric power sales	***	144	141 138
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	28.5	-29	
Nonresidential contracts only	17.5	-74	

¹Centre County

in construction activity in the region. Trends so far this year suggest that activity has cooled a bit. Contract values are down by a large amount from a year ago, especially on the nonresidential side, though job levels are up so far this year. While goods producing jobs Statewide continue to decline, the trend in Centre County points up, just as it has since 1986. For the year, jobs in these industries are up a strong 4 percent. This comes on the heels of a 6.5 percent gain in 1989.

The slowdown in the pace of economic growth is especially apparent in recent unemployment trends. Through June, the jobless rate has been above year ago readings for eight consecutive months. At the same time, employment remains on the rise. (Between the second quarters of 1989 and 1990, only one county in Pennsylvania realized a stronger percentage gain in employment than did Centre.) Again, however, the increase falls well short of that from the past several years. Despite the slowdown, the regional economy remains healthy, especially relative to much of the rest of the State. While growth does appear to have slowed, the absolute level of activity probably remains at an all-time high.

Northwestern Quarter

Erie

Most indicators suggest that economic growth in Erie County is holding steady at a pace which appears strong enough to avert a recession. At the same time, it is probably safe to argue that growth has eased a bit so far this year from its pace of the late 1980s. The region's performance relative to the State's appears fairly positive. Over the course of the 1980s, the Erie metro area's relative performance was mixed, at best. There is little likelihood that overall conditions will change anytime soon. The balance of 1990 will likely see the economy continue to turn in a steady performance.

In the second quarter, employment is up a minimal 0.8 percent from a year ago. Still, the 127,200 residents officially listed as employed represent a record high. At 5.1 percent, the jobless rate is up 0.2 percentage point from the same period in 1989. On the plus side, the seasonally adjusted unemployment rate declined in both May and June. However, given that the employment situation is likely to remain sluggish, this is not viewed as the start of a trend.

Total nonfarm job levels continue their slow climb upward. So far this year, they are up 2 percent from 1989, well in excess of the State's 0.6 percent advance. Over much of the 1980s, job gains in Erie County were pretty much in line with Statewide averages. Goods producing job levels continue to hold their own. For the year, they are up by 1,000 to just over 40,000. Trends in jobs, industrial power sales, and the average workweek suggest that the manufacturing sector, though probably not growing at a rapid clip, is turning in a fairly solid showing. Construction jobs are up on a year-to-date basis. Contract values are up by about one-third for nonresidential projects while residential values are down by a similar amount.

Service producing job levels are up by 1,400 in this year's first half. While goods producing jobs are hovering just above all-time lows, job levels in these establishments are at a record high. Retail trade jobs are unchanged from a year ago. This comes on the heels of an average gain of 2.3 percent over the 1982-1989 period. Perhaps the weakness noted in recent

Erie Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	127.2	114	114
Unemployed, no. of residents	6.9	74	86
Rate, seasonally adjusted	5.1		70
Civilian labor force, no. of residents	134.1	112	112
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	119.9	109	108
Srv. Prod. only, no. of jobs	79.2	123	122
Goods Prod. only, no. of jobs	40.7	88	88
Hrs. worked by production workers in mfg., ave. weekly	42.7	104	107
Industrial electric power sales	***	122	111
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	29.4	-30	
Nonresidential contracts only	34.2	+35	

¹Erie County

retail sales trends at the State level is filtering into Erie County.

Sharon

All things considered, the Mercer County economy is perhaps best described as moving sideways as opposed to up or down. On the positive side, this suggests that the region is not subtracting from the gains recorded during the mid 1980s. For the year, service producing jobs are up just 1.5 percent, slightly above the State's 1.3 percent rise. This gain is still strong enough to push job levels to another record high. The services industry has accounted for a considerable portion of all new jobs generated in recent years. On a year-to-date basis, jobs are up by 200 in these establishments.

For the most part, job trends in the goods producing industry were not influenced by the general economic rebound, which began in the early 1980s, until the beginning of 1987 when employment levels did pick up. However, since 1989, job levels have been flat. Between the first half of 1989 and the same period in 1990, goods producing job totals are essentially unchanged. Within this broad category, durable goods jobs are down by 100 so far this year to go along with a loss of 200 on the nondurables side. Industrial power sales have

Sharon Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	49.5	102	102
Unemployed, no. of residents	2.9	74	64
Rate, seasonally adjusted	5.7		56
Civilian labor force, no. of residents	52.4	100	99
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	43.9	96	96
Srv. Prod. only, no. of jobs	31.1	112	112
Goods Prod. only, no. of jobs	12.8	71	72
Hrs. worked by production workers in mfg., ave. weekly	41.7	n.a.	n.a.
Industrial electric power sales	***	106	107
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	8.4	-7	
Nonresidential contracts only	11.9	+68	

¹Mercer County

been on a downtrend since the beginning of 1989, suggesting that there is little, if any, growth in factory output. Construction contract awards are up sharply for nonresidential projects in totaling \$11.9 million so far this year. Just the opposite is true for residential projects as contract values are down.

Despite the fact that the number of residents officially listed as employed is up 1 percent in the second quarter from a year ago, there is a fairly large 1.3 percentage point jump in the jobless rate to 5.5 percent. Over the period, employment is up by 500, not nearly enough to absorb an inflow into the labor force equal to 1,200. The end result is an increase in the number of unemployed totaling 700 residents. Should first half trends continue, 1990 is likely to result in the highest jobless rate in Mercer County since 1987.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

The economy of the four-county Harrisburg-Lebanon-Carlisle metro area continues moving forward. While some indicators suggest that the pace of the expansion has slowed, the region's performance relative to much of the rest of the State remains encouraging. For instance, employment is up 1.1 percent so far this year. While this falls short of the 2.9 percent average from the 1982-1989 period, it compares favorably with the State's 0.1 percent decline over the same period. While the jobless rate is up by about 0.4 percentage point in the second quarter from a year ago, it still remains quite low. The uptrend in joblessness is evident throughout the State. Only the neighboring Lancaster metro area has a lower jobless rate than Harrisburg-Lebanon-Carlisle.

Employment trends are favorable in each of the region's four counties. Second quarter employment growth from a year ago is clustered in the 1.6-1.7 percent range. Lebanon County's unemployment rate is down from a year ago, one of only four counties in the State realizing such a decline. Each county maintains an unemployment rate below the Statewide average.

Total nonfarm job levels continue to advance to new highs. The 319,100 jobs in this year's second quarter is up 8,000 from a year ago. Nonagricultural job growth is just slightly

Harrisburg-Lebanon-Carlisle Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89	
Employment (in thousands)			
Employed, no. of residents	324.8	129	128
Unemployed, no. of residents	13.3	88	92
Rate, seasonally adjusted	4.1		76
Civilian labor force, no. of residents	338.1	127	126
Local industries (in thousands)			
All nonagricultural ind., no. of wage and salary jobs	319.1	129	128
Srv. Prod. only, no. of jobs	252.7	138	137
Goods Prod. only, no. of jobs	66.4	102	101
Hrs. worked by production workers in mfg., ave. weekly	40.9	n.a.	n.a.
Industrial electric power sales	***	74	75
Construction contracts awarded (in millions of dollars)			
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd	
Residential contracts only	108.4	-30	
Nonresidential contracts only	188.6	+161	

¹Cumberland, Dauphin, Lebanon, and Perry Counties

below trends from the 1980s. Goods producing jobs are holding steady, which is fairly good news in light of the downtrend evident Statewide. Second quarter readings are up barely, by 400, from a year ago. Food products, the region's largest manufacturing employer, has increased job levels by 400 so far this year. The second largest, machinery and electronic equipment, finds job totals down by 600 on a year-to-date basis. Electricity sales to industry, a good proxy of production trends, has been trending down of late. Construction jobs are up by 1,000 so far this year, despite a decline in the value of residential contract awards totaling 30 percent. Nonresidential contract values have surged so far this year.

The region's service producing industries continue to generate significant numbers of new jobs. For the year, jobs are up by 7,300. This translates into a percentage gain of 3 percent, well in excess of the 1.3 percent gain recorded in Pennsylvania as a whole.

While the near-term outlook should not be labeled "bright," it is not especially "cloudy," either. Current expectations are for continued economic growth in the region, though it is quite doubtful that the growth rates of the mid and late 1980s will be matched. As of now, a full-fledged recession is not in the cards as long as the national economy remains even minimally healthy.

Lancaster

Between 1982 and 1989, nearly 29,000 new service producing jobs were generated in Lancaster County. This works out to an average annual gain of 4.1 percent. So far this year, job levels continue to increase, but at a considerably slower 2.3 percent pace. Nonetheless, at 120,300 in the second quarter, job totals remain at a record high. As has been the case for the past several years, services and retail trade lead the region in terms of job growth. On a year-to-date basis, jobs are up 3.6 percent in the services industry and 2.9 percent in retail trade.

Goods producing jobs are in more of a holding pattern, at best. In fact, they are down by about 1,300 compared to a year ago in the second quarter. Trends in the average factory workweek and in electricity sales to industrial customers suggest that manufacturing activity may have topped out, at least temporarily. Still, while other regions in the State find goods producing job totals at or near all-time lows, in Lancaster County they stand near a record high. Following a trend evident in several other metro areas around the State, nonresidential construction contract values are up considerably while residential contract values have slumped during the first half of the year. Construction jobs are up by 300 on a year-to-date basis.

For the most part, the general employment/unemployment situation remains impressive, especially relative to the rest of the Commonwealth. At the same time, there is no denying that conditions have cooled a bit in recent months. At a seasonally adjusted 3.9 percent, second quarter's jobless rate is once again the lowest of the State's 15 metropolitan areas. For the year, employment is actually down a bit. However, this comes on the heels of several years of continuous growth which left employment readings at all-time highs. The minimal downtrend in employment is not especially worrisome.

Lancaster Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2-Q '90	1 Q '90	2 Q '89
Employment (in thousands)				
Employed, no. of residents	217.8	138	138	139
Unemployed, no. of residents	8.5	100	111	79
Rate, seasonally adjusted	3.9			
Civilian labor force, no. of residents	226.3	136	137	136
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	190.8	134	134	133
Srv. Prod. only, no. of jobs	120.3	154	153	151
Goods Prod. only, no. of jobs	70.5	110	111	112
Hrs. worked by production workers in mfg., ave. weekly	40.0	101	102	102
Industrial electric power sales	***	142	144	145
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	99.4	- 32		
Nonresidential contracts only	92.8	+ 35		

¹Lancaster County

In sum, overall economic conditions remain favorable. While economic growth is likely to slow over the balance of the year, there appears to be little to worry about with respect to the Lancaster metro area economy. It continues to be ranked at or near the top of the list in terms of overall economic performance, a situation which is unlikely to change markedly in the coming months.

Philadelphia

Much of the steam is gone from the economy of the Philadelphia metropolitan area based on trends through the first half of the year. The region stands in stark contrast with the rest of its neighbors in southeastern Pennsylvania and represents a reversal from trends throughout the mid and late 1980s when the region was a success story. A thorough review of the most telling economic indicators simply does not turn up any real strengths in the region's economy.

During the April-June period of this year, the number of residents officially listed as employed is off by 18,700 from a year ago. Over the same period, there is a net gain in the labor force which totals just 200. The end result is a startling gain of 18,900 in the number of unemployed. At 4.4 percent, the jobless rate is up by 0.8 percentage point from a year ago. The increase in unemployment comes after seven consecutive years of decline. Despite the increase, the rate still remains below Statewide averages. Employment is down in the second quarter in each of the five Pennsylvania counties by an identical 0.8 percent. Statewide, employment is up slightly. All five also find current unemployment rates higher than a year ago, with increases ranging from 0.5 percentage point in Delaware County to 1.1 points in Bucks County.

Construction trends are far from impressive. Building-related jobs are off by 3,200 on a year-to-date basis. The value of construction contract awards is down by about one-third for both residential and nonresidential projects. New housing units authorized by permit are down 21 percent in this year's first half as four of the region's five Pennsylvania counties realized declines. The number of nonresidential authorizations are down 5 percent so far this year.

On the retail sales front, nominal sales are up 5.1 percent through May. Both durable and nondurable goods sales are

Philadelphia Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89		
Employment (in thousands)				
Employed, no. of residents	2,323.9	123	124	124
Unemployed, no. of residents	107.5	61	61	50
Rate, seasonally adjusted	4.4			
Civilian labor force, no. of residents	2,431.4	118	118	118
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	2,205.6	120	121	120
Srv. Prod. only, no. of jobs	1,744.4	132	132	131
Goods Prod. only, no. of jobs	461.1	90	91	92
Hrs. worked by production workers in mfg., ave. weekly	40.2	101	102	1.2
Industrial electric power sales	***	110	111	114
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	651.8	- 30		
Nonresidential contracts only	685.0	- 37		

¹Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

up from a year ago. However, consumer prices are up 5.3 percent, suggesting that the volume of "real" retail sales is going nowhere in the region.

As for industry job trends, goods producing job levels remain on a downtrend which began in mid 1988. For the year, job levels are off 2.5 percent from the first half of 1989. Employment in these industries stands barely above all-time lows recorded as the recession bottomed out in early 1983. Statewide, goods producing jobs are down 1.5 percent this year. Trends in hours worked and electricity sales to industry suggest that manufacturing activity is holding steady, at best. The situation is a bit more encouraging on the service producing side. Still, there are signs of a slowdown in these industries, as well. Most likely, 1990 will bring with it another record number of service producing jobs. However, through the first half of the year, job levels are up by a minimal 0.8 percent. Over the 1982-1989 period, job gains averaged 2.7 percent.

With essentially no signs of strength to be found in the economy, only the most optimistic foresee a turnaround in the near-term. What is more likely is that the economy will continue to muddle along, displaying a minimal amount of growth. While the region is probably not officially in a recession, it is still too close for comfort. On the plus side, though, the slowdown comes after several years of rather strong growth which came to an end in the late 1980s. Perhaps the gains realized over approximately the past decade will give the economy a bit of a "cushion" during the current slump.

Reading

While economic activity is probably not declining in Berks County, trends through the first half of the year suggest that the pace of growth has slowed. Still, the region continues to hold up well compared to much of the rest of the State. Total nonfarm jobs are up 1.7 percent on a year-to-date basis, well in excess of the State's 0.6 percent gain. Over the 1982-1989 period, job growth averaged 2 percent on an annual basis.

Goods producing job levels have been fluctuating in a very narrow range for about the past two years. At 54,700 in this year's second quarter, job readings are off by 600 from the

Reading Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89		
Employment (in thousands)				
Employed, no. of residents	170.8	126	126	126
Unemployed, no. of residents	8.9	93	100	75
Rate, seasonally adjusted	4.6			
Civilian labor force, no. of residents	179.7	124	125	123
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	156.8	119	119	117
Srv. Prod. only, no. of jobs	102.1	133	133	129
Goods Prod. only, no. of jobs	54.7	100	99	101
Hrs. worked by production workers in mfg., ave. weekly	40.6	104	106	104
Industrial electric power sales	***	142	146	153
Construction contracts awarded (in millions of dollars)	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	60.3	- 22		
Nonresidential contracts only	41.7	- 54		

¹Berks County

same period a year ago. On a positive note, job levels are just slightly below pre-recessionary readings from the mid and late 1970s. Statewide, goods producing establishments are nowhere near pre-recessionary levels of jobs. On the manufacturing front, both industrial power sales and the average factory workweek have apparently topped out. Durable goods job totals are down by 1,000 in this year's first half. A much smaller decline of 200 is apparent in non-durable goods industries.

Although job levels are essentially unchanged in this year's second quarter from the first three months of the year after seasonal adjustment, the trend in service producing jobs is still upward. On a year-to-date basis, job totals are up 3.5 percent this year and currently stand at a record high. This gain is actually stronger than the 3 percent average from the 1982-1989 period. Statewide, service producing job growth has eased considerably this year. Between them, the retail trade and services industries have provided the bulk of all new jobs in recent years. So far this year, they have generated 2,100 additional jobs, 60 percent of the total increase in service-producing employment.

While employment continues to move forward, joblessness

York Area¹

	Ave. mo. value 2 Q '90	Average monthly index seas. adj. (1977 = 100) 2 Q '90 1 Q '90 2 Q '89		
Employment (in thousands)				
Employed, no. of residents	214.3	139	140	139
Unemployed, no. of residents	10.4	102	109	85
Rate, seasonally adjusted	4.7			
Civilian labor force, no. of residents	224.6	137	138	136
Local industries (in thousands)				
All nonagricultural ind., no. of wage and salary jobs	181.5	128	128	126
Srv. Prod. only, no. of jobs	111.2	146	146	141
Goods Prod. only, no. of jobs	70.3	107	107	110
Hrs. worked by production workers in mfg., ave. weekly	40.9	100	101	102
Industrial electric power sales	***	105	104	115
Construction contracts awarded (in millions of dollars)				
	'90 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	112.6	- 8		
Nonresidential contracts only	55.4	+49		

¹Adams and York Counties

is on the rise. Second quarter's jobless rate, at an unadjusted 4.9 percent in Berks County, is up 0.8 percentage point from a year ago. In absolute terms, unemployment is up by 1,700 residents. Employment is up by 1,000 over the same period. In a nutshell, not enough new jobs are being generated to absorb the inflow of residents into the labor force, accounting for the increase in unemployment. For the year, employment is up barely, by 0.3 percent. This is down considerably from the 2.4 percent average from the 1982-1989 period.

York

The York metropolitan area economy is following a trend evident throughout much of the State. Although economic growth has slowed, the region is not subtracting away from the gains recorded during a period of relatively rapid growth during the previous several years. There are no indications that this general pattern will change in the near future. In the absence of any signs of a turnaround in the national economy, the Adams/York County economy is unlikely to approach the levels of economic growth recorded just a few years ago.

Employment is up 0.2 percent from a year ago in the second quarter, just slightly higher than the Statewide average. On a seasonally adjusted basis, resident employment has declined in three of the past five quarters. As a result of the downtrend in employment growth, joblessness is on the rise. The unemployment rate, at 4.6 percent, is up from 3.9 percent in the second quarter of 1989. Still, the region remains on fairly solid footing relative to the State with its 5.1 percent second quarter rate. Only three counties maintain an unemployment rate below Adams' 3.6 percent.

Several years of strong growth in service producing jobs may be coming to an end after increasing practically nonstop since 1983. On a seasonally adjusted basis, job levels are unchanged in June from January readings. For the year, though, job levels are up 3.4 percent, more than double the Statewide advance. In absolute terms, this translates into a gain of 3,700.

On the goods producing side, job levels have been on the downtrend since the beginning of 1989 after reaching a post-

recession peak. Second quarter's 70,300 jobs translate into a decline of 1,900 from a year ago. In seasonally adjusted terms, job levels have now declined in five consecutive quarters. The region's largest manufacturing employer, industrial machinery, has reduced payrolls by 300 so far this year. The average factory workweek, a leading indicator of manufacturing hiring trends, has been on a downtrend for more than two years. Industrial power sales, a proxy for production activity, has been on the decline since the beginning of 1989. For the region as a whole, nonresidential construction contract values are up by one-half from a year ago to go along with an 8 percent decline on the residential side. In Adams County, 7 percent more new houses have been authorized by permit compared to the first half of last year.

— William D. Anderson

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